



Department of Justice

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HOGSETT ANNOUNCES THE INDICTMENT OF THREE INDIANAPOLIS-AREA INDIVIDUALS ON CHARGES OF WIRE FRAUD, MONEY LAUNDERING

Trio allegedly used the position of an elected official to defraud investor of \$1.7 million

PRESS RELEASE

INDIANAPOLIS – Joseph H. Hogsett, United States Attorney, announced this morning the indictment of three individuals for their alleged role in defrauding an investor out of \$1.7 million over the course of six months in 2007. The defendants, all alleged to have been involved in the operation of The Russell Foundation in Indianapolis, include Michael Russell, age 53, Paul Bateman, age 57, and Manuel Gonzalez, age 53.

The indictment charges Russell with 8 counts of wire fraud and 12 counts of money laundering. Bateman was charged with 8 counts of wire fraud and 10 counts of money laundering. Gonzalez was charged with three counts of wire fraud and two counts of money laundering.

“This indictment is another example of this office’s dedication to ending a culture of corruption that has no place in Indianapolis, or anywhere else in this state,” Hogsett said. “Our policy on public corruption is very simple: if you violate the public trust, it doesn’t matter who you are, who you know, or what your politics happen to be. This office will find you, we will investigate you, and we will hold you accountable.”

The Russell Foundation, an Indianapolis-based organization founded in 2003 by Michael L. Russell, was ostensibly a religiously-affiliated nonprofit intended to provide community leadership and poverty relief. It is alleged that it instead served as the vehicle for roughly \$1.7 million in fraudulent activity.

All three individuals named in the indictment are alleged to have participated in the fraudulent activity. Gonzalez held a number of titles for the Foundation, including “Chief

Financial Advisor” and “Chief of Latino Affairs.” Bateman served as “Chief Administrative Officer” and the “Chief Corporate Officer.”

The indictment alleges that in early 2007, the three defendants solicited \$702,000 in investment money from an Indianapolis victim. The victim was told by Russell that he planned to fund the Foundation by investing in ethanol production through a company called Indiana Ethanol Capital Investments, which was organized as a limited liability corporation in February 1, 2007, with Paul Bateman listed as president.

All three defendants allegedly met with the defendant to urge him to invest in the company. Bateman is alleged to have accepted five checks totaling \$702,000 between February and April, 2007, almost all of which was allegedly deposited in Bateman’s personal bank account and spent on expenses other than the production and distribution of ethanol over the next 45 days.

It is also alleged that in May, 2007, all three defendants again solicited money from the victim, successfully urging him to invest \$1 million in a corporate bond for the Russell Foundation. This money was allegedly spent over the course of thirty-three days after it was received by the defendants.

The indictment lists a number of alleged purchases made using the investor’s money. These include, but are not limited to: \$74,000 in custom made clothing for members and associates of the Russell Foundation, ten vehicles with a combined cost of more than \$265,000 for members and associates of the Russell Foundation, the payment of Bateman’s personal income tax liability, the payment of Russell’s rent for his residence, and various personal checks.

The indictment alleges that all three defendants repeatedly used Mr. Bateman’s elected position, and that of a high-ranking Indianapolis Metropolitan Police Department official, to provide the appearance of credibility, respectability, and legitimacy to their activities.

“The allegations in this indictment paint a picture of an elaborate fraud scheme,” Hogsett said. “Such a violation of trust would be tragic under any circumstances, but the fact that this scheme allegedly involved a repeated violation of the public trust makes this case even more disheartening.”

The charges were the result of an investigation by the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division.

“The Russell Foundation was organized in part to enhance the overall quality of life for individuals and families who are economically disadvantaged,” said FBI Special Agent in Charge Robert Holley. “However, the indicted subjects did no such thing. They used their positions of leadership in the community and the non-profit to enhance the overall quality of life for themselves and their associates. They conned an innocent investor, who was generously willing to give large sums of money for their causes, and they poured the money down the drain of greed.”

According to Assistant U.S. Attorney Joe H. Vaughn, who is prosecuting the case for the government, if convicted, the charges of wire fraud carry a maximum sentence of 20 years in prison and a \$250,000 fine. The money laundering charges provide for a maximum sentence of 10 years in prison and a \$250,000 fine.

A charge is an allegation only, and the defendant is presumed innocent unless and until proven guilty at trial or by guilty plea.

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